

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2009-479-W/S**

IN RE:

Application of United Utility Companies,  
Inc. for adjustment of rates and charges  
and modifications to certain terms  
and conditions for the provision of  
water and sewer service.

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**DIRECT TESTIMONY**  
**OF**  
**BRUCE T. HAAS**

**Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

A. My name is Bruce T. Haas, and my business address is 110 Queen Parkway, West  
Columbia, South Carolina 29169.

**Q. WHERE ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A. I am Regional Director of Operations for United Utility Companies, Inc. for South  
Carolina and for six other operating subsidiaries of Utilities, Inc., four of which are in South  
Carolina and two of which are in Georgia.

**Q. HOW LONG HAVE YOU BEEN EMPLOYED IN THE WATER AND SEWER  
UTILITY INDUSTRY?**

A. Approximately 31 years.

**Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

A. I first began my employment as a meter reader and maintenance worker in 1978  
for Lake Holiday Utilities, Corp., which is also a subsidiary of the Company's parent,  
Utilities, Inc. During the next several years, I was promoted to Operator and Operating  
Manager positions for a number of Utilities, Inc. subsidiary systems, while earning

1 various water and wastewater licenses in Illinois and Ohio, including the highest levels of  
2 water treatment and wastewater treatment licenses from the Illinois EPA. I eventually  
3 became the Area Manager for the Peoria, Illinois region, overseeing the water and  
4 wastewater facilities in this area. In 1989, I relocated to Charlotte, North Carolina taking  
5 on the position of Area Manager for several areas for Carolina Water Service of North  
6 Carolina, Inc., a sister subsidiary of the Company, a job I also performed for the  
7 Company which involved operations of the River Hills and Tega Cay Systems in York  
8 County, South Carolina. I was eventually promoted to Regional Manager while in  
9 Charlotte. During this time I also obtained various water and wastewater licenses in  
10 Water Treatment, Water Distribution, Wastewater Collection, and Backflow/Cross-  
11 Connection certifications from the State of North Carolina and also took night courses  
12 towards a degree in Civil Engineering Technology. I also earned the highest levels of  
13 water and wastewater certifications for Water Treatment, Water Distribution, Wastewater  
14 Treatment and Wastewater Collection from the State of South Carolina. Additionally, I  
15 have successfully completed the utility regulation seminar sponsored by NARUC. In  
16 2002, I was promoted to my current position and given responsibility for the Company's  
17 systems in South Carolina, along with two subsidiary companies located in Georgia.  
18 However, the majority of my time is spent working on issues pertaining to the  
19 Company's South Carolina systems.

20  
21 **Q. WHAT ARE YOUR DUTIES WITH UNITED UTILITY COMPANIES, INC.?**

22 A. I am responsible for making sure our customers receive the best possible service.  
23 As such, I am responsible for all operations personnel, facilities, maintenance and capital  
24 projects as well as other operational issues. In addition, I am responsible for  
25 communications with state and federal regulators, including state utility commissions,  
26 public staffs in the states that have them, and environmental authorities.

1 **Q. WOULD YOU DESCRIBE YOUR EXPERIENCE IN WORKING WITH OR**  
2 **TESTIFYING BEFORE STATE UTILITY COMMISSIONS REGARDING RATE**  
3 **CASES?**

4 A. Yes. I have testified before the commissions in North Carolina and South  
5 Carolina, along with working with staff of the Illinois Commerce Commission during my  
6 tenure with the Company.  
7

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING,**  
9 **MR. HAAS?**

10 A. The purpose of my testimony is to provide the Commission with a brief overview  
11 of our South Carolina operations and our continued efforts to provide our customers with  
12 the best possible water and sewer utility service and to support the portion of the  
13 Company's application for modification of certain of the terms and conditions pertaining  
14 to water and wastewater service.  
15

16 **Q. MR. HAAS, WOULD YOU BRIEFLY DESCRIBE THE COMPANY'S WATER**  
17 **AND SEWER OPERATIONS HERE IN SOUTH CAROLINA?**

18 A. Yes. United Utility Companies, Inc., which I will refer to as United or sometimes  
19 the Company, currently serves over 90 water customers and over 1650 wastewater  
20 customers located in six counties across the state. We deliver safe and reliable water  
21 service to our customer's homes by way of deep drilled wells. We also provide sewer  
22 service through our wastewater collection, transportation and treatment facilities as well  
23 as collection-only service collection facilities which utilize the services of wholesale  
24 wastewater treatment providers.  
25

26 **Q. WITHIN THE COMPANY, WHO IS RESPONSIBLE FOR ENSURING THAT**  
27 **CUSTOMERS ARE RECEIVING THE BEST POSSIBLE SERVICE?**

28 A. I have the overall responsibility for ensuring that our customers receive the best  
29 possible service. In order to discharge this responsibility, I make every effort to see that

1 the company hires and maintains a highly qualified and professional staff of individuals.  
2 Together, we continue to make customer satisfaction the primary responsibility of each  
3 and every United employee.  
4

5 **Q. WHAT ONGOING PROGRAMS DOES THE COMPANY HAVE IN PLACE TO**  
6 **HELP ENSURE THAT CUSTOMERS RECEIVE QUALITY UTILITY**  
7 **SERVICE?**

8 A. First and foremost, we make certain that our operations personnel are duly  
9 certified by environmental regulatory authorities. We provide training resources in order  
10 to increase their knowledge and education in the water and wastewater fields. Many of  
11 our licensed operators hold the highest levels of water and wastewater certifications from  
12 the State of South Carolina. We also hold periodic staff meetings to specifically address  
13 service concerns, as well as to increase employee sensitivity to customer satisfaction.  
14 Topics covered include service problems we have encountered, steps taken to solve these  
15 problems, new regulations and cost control measures. These regular meetings also serve  
16 as an opportunity to reinforce our customer service philosophy, as well as to keep each of  
17 us focused on what is important – our customers. Continuing education programs are  
18 provided for all employees, including classes routinely conducted by Company staff as  
19 well as outside consultants. Our most valuable resource is our personnel. By keeping up  
20 to date with new methods and changing regulations, we enable them to provide better  
21 service and hold down costs.  
22

23 To ensure that our customers are provided the best possible service we also  
24 employ a capital improvements program, as well as ongoing operational programs such  
25 as routine testing and periodic water main flushing to improve water quality, the use of  
26 sequestering agents to reduce the effects of minerals which may occur naturally in ground  
27 water, the cleaning of sewer collection mains each year to minimize the potential for  
28 back-ups, and a 24-hour-a-day, seven-day-a-week on-call emergency service. These  
29 programs also ensure that company-wide facilities are properly maintained and safety

1 standards met. A list of capital improvements and improvements in operational programs  
2 since the Company's last rate case, by system or subdivision where appropriate, is  
3 attached to my testimony as Exhibit "A". I would note that many of these improvements  
4 might not be noticeable to customers. However, all of them have been made since our  
5 last rate case. As is noted in the testimony of Company witness Lena Georgiev,  
6 documentation of these expenses has been provided to the Office of Regulatory Staff  
7 during its audit of the Company's books.

8  
9 Communication with our customers and community leaders regarding issues  
10 which may have an impact on the quality or cost of service is also an important aspect of  
11 our business. As increased environmental regulation continues to place upward pressure  
12 on the cost of providing service, it becomes more important for us to inform customers of  
13 the measures we must take to ensure that their drinking water is safe and that their  
14 waterways are protected. Included in these customer communication efforts are  
15 attendance at Property Owners Association ("POA") meetings when we are notified,  
16 customer letters, bill inserts and back-of-the-bill messages, the submission of information  
17 to local media outlets, along with annual Consumer Confidence Reports detailing the  
18 Safe Drinking Water Act compliance.

19  
20 In addition, the Company has implemented an automatic message delivery system  
21 ("Voice Reach") whereby we are able to provide specific information to customers in a  
22 particular geographic area or subdivision, advising them of any upgrades/repairs or  
23 maintenance being done to their system. We are also able to notify customers in advance  
24 of scheduled work, periodic flushing of the water system, along with issuing boil water  
25 advisories as applicable following certain water line repairs, or other updates regarding  
26 work being completed. With each of these Voice Reach communications which includes  
27 the Office of Regulatory Staff, we also email a follow-up copy of the information directly  
28 to a number of ORS staff as well as DHEC personnel.

1 **Q. HAS INCREASED FEDERAL REGULATION OF THE WATER AND**  
2 **WASTEWATER UTILITIES CONTINUED TO HAVE AN IMPACT ON THE**  
3 **COMPANY?**

4 A. Absolutely, yes. The Safe Drinking Water Act, or SDWA and the Clean Water  
5 Act, or CWA have changed the way in which water and sewer utilities conduct their  
6 business. DHEC implements statutes and regulations adopted by the State of South  
7 Carolina under these federal enactments. Additional costs have been placed upon water  
8 and wastewater utilities to comply with more exacting limits in both areas. While we  
9 have already complied with many of the requirements contained in the reauthorization of  
10 the SDWA, new requirements continue to be promulgated. Likewise, the requirements of  
11 the CWA continue to evolve.

12  
13 **Q. WHAT IMPACT DOES THIS HAVE ON THE COMPANY'S CUSTOMERS?**

14 A. For one thing, the cost of providing service obviously increases; but, in turn our  
15 customers receive the benefit of greater protection of their waterways and safer drinking  
16 water that is free of harmful contaminants. Our customers also benefit from our  
17 commitment to provide them with safe and reliable utility service which is reinforced by  
18 compliance. Understandably, customers may be unaware of our efforts to meet  
19 regulatory requirements since they do not necessarily see a perceptible change in the  
20 quality of service and therefore, may also be largely unaware of the hidden benefits of  
21 compliance. Without the benefits of compliance, residential development simply cannot  
22 be sustained – much less begun. And, of course, these benefits accrue to the overall well-  
23 being and value of the communities we serve.

24  
25 **Q. MR. HAAS, YOU ALSO STATED THAT A PURPOSE OF YOUR TESTIMONY**  
26 **IS TO SUPPORT THE COMPANY'S REQUEST FOR MODIFICATION OF**  
27 **CERTAIN TERMS AND CONDITIONS PERTAINING TO THE PROVISION OF**  
28 **THE COMPANY'S SERVICES; WOULD YOU PLEASE DESCRIBE THESE**  
29 **MODIFICATIONS?**

1 A. Certainly. The first modification is to the rate schedule provisions pertaining to  
2 service provided to rental units and is set out at page one of the water schedule and page  
3 four of the sewer schedule. Since the Company's last rate case in 1996, the legislature  
4 has enacted statutory provisions restricting the ability of any utility – whether  
5 governmental or investor owned – to require a landlord in a building with three or less  
6 rental units and served by a single meter or connection, to be financially responsible for  
7 utility service provided to a tenant that is the utility's customer. This proposed  
8 modification is intended to bring the Company's rate schedule into line with the current  
9 law and to reflect that, where rental premises with single connections or meters have  
10 three or fewer tenants, the Company will not enter into customer relationships with  
11 tenants.

12  
13 The second proposed modification is to the water rate schedule and consists of a  
14 new section six beginning on page two. Regulations promulgated by DHEC under the  
15 State Safe Drinking Water Act require the elimination of cross connections to public  
16 water systems which have the potential for contaminating safe drinking water. Typically,  
17 a cross-connection in our customer base will consist of a separate water irrigation line  
18 which may or may not be metered. The DHEC regulations prohibit any person from  
19 installing, permitting to be installed or maintaining a cross-connection unless there is an  
20 approved backflow prevention device installed between the public water system and the  
21 potential source of contamination. DHEC regulations further require that certain  
22 backflow prevention devices be inspected annually by a DHEC certified tester. The  
23 modification to our rate schedule provides notice to customers that any cross-connections  
24 must be addressed by an approved backflow prevention device, that customers are  
25 responsible for the annual inspection, and that customers must provide to the Company  
26 the report and results of inspection no later than June 30<sup>th</sup>. In the event that a customer  
27 does not comply with the requirement to perform annual inspections, after 30 days'  
28 written notice, the utility may disconnect water service. The Company has an obligation  
29 under the regulation to ensure that no unprotected cross-connections are in place and

1 customers have an obligation under the regulation not to install or maintain unprotected  
2 cross-connections. This provision insures that unaffected or compliant customers do not  
3 bear the cost of enforcing compliance with this program by other customers.  
4

5 The third modification is to specify that, for the purposes of determining tap fees  
6 and the appropriate monthly service fee, the Company will follow the pertinent DHEC  
7 regulations relating to single family equivalents. By following these guidelines, the  
8 Company is able to provide uniformity in the calculation of its charges. Additionally, the  
9 Company proposes to include language pertaining to the terms and conditions for  
10 extensions of its facilities for service. This language clarifies that potential customers  
11 which are willing to pay all costs associated with interconnecting with the Company and  
12 agree to receive service in accordance with the applicable guidelines and standards shall  
13 not be denied service unless sufficient capacity is not available on the Company's system  
14 or unless such service is restricted by DHEC or other governmental entity. Additionally,  
15 this language clarifies that the Company is not obligated to construct additional capacity  
16 which would be required to serve a customer in the absence of an agreement for the  
17 payment of costs.  
18

19 **Q. IS THE COMPANY PROPOSING TO MODIFY THE TERMS AND**  
20 **CONDITIONS OF ITS RATE SCHEDULE TO PROVIDE FOR ELECTRONIC**  
21 **BILLING AND TO MODIFY ITS CHARGES FOR DISCONNECTION**  
22 **NOTIFICATIONS?**

23 A. Yes, but Company Witness John Williams will address those modifications.  
24

25 **Q. MR. HAAS, DOES THE COMPANY SEEK TO INCLUDE ANY PAYMENTS TO**  
26 **AFFILIATED ENTITIES?**

27 A. Yes. Included in the Company's test year expenses and included in capital  
28 expenditures are payments to Bio-Tech, Inc. Bio-Tech is a South Carolina corporation  
29 which, like United, is a wholly-owned subsidiary of Utilities, Inc. Bio-Tech's business



1 focuses on sludge hauling and disposal. These services are regulated by DHEC, which  
2 has issued a land application permit for Bio-Tech's disposal site on Old State Road in  
3 Lexington County.

4  
5 **Q. DOES BIO-TECH PROVIDE SERVICES ONLY TO THE COMPANY AND**  
6 **OTHER WHOLLY-OWNED SUBSIDIARIES OF UTILITIES, INC.?**

7 A. No. Bio-Tech also serves other public utilities and governmentally owned  
8 utilities such as municipalities, counties, special purpose districts and public service  
9 districts.

10  
11 **Q. HOW ARE BIO-TECH'S CHARGES FOR SERVICES TO THE COMPANY**  
12 **DETERMINED?**

13 A. Bio-Tech charges the Company the same rates it charges to other similarly  
14 situated customers. The per mile rate and disposal charges paid by United is the same as  
15 it is for any other customers, whether it is affiliated with the Company or not.

16  
17 **Q. HAVE YOU COMPARED THE RATES CHARGED BY BIO-TECH TO THOSE**  
18 **OF OTHER ENTITIES WHICH PROVIDE SIMILAR SERVICES TO**  
19 **DETERMINE WHETHER THOSE CHARGES ARE REASONABLE?**

20 A. Yes, I have. I have recently surveyed five different companies which provide  
21 services similar to those provided by Bio-Tech to United during the test year. The results  
22 of my comparison are attached to my direct testimony as Exhibit "B" and reflect the costs  
23 which these companies would have charged to perform sludge hauling services for the  
24 applicable United systems. Although certain vendors quoted a lower per gallon cost than  
25 Bio-Tech, United determined that other costs made such services cost prohibitive. For  
26 instance, many vendors require an annual Toxicity Characteristic Leaching Potential  
27 ("TCLP") test for each facility which would add approximately \$800 to \$1,000 to the  
28 cost. Additionally, unlike Bio-Tech, certain vendors were only able to provide disposal  
29 services, but not transportation services. Thus, United would have incurred additional

1 cost in transporting the sludge to the disposal site. As well, Bio-Tech provides other  
2 services that the other vendors do not such as 24 hour on-call service, percent to solid  
3 testing, larger 4-wheel drive vehicles that could access the plants, and larger fleets. In all,  
4 the charges imposed by Bio-Tech are very reasonable and competitive with other services  
5 available in the market place. As well, United would have incurred greater cost if it had  
6 employed the services of other, non-affiliated companies and would not have the benefit  
7 of the other services available through Bio-Tech.

8  
9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 **A. Yes.**